CANADA·MANITOBA
Crop Insurance

Annual Report
1989 - 90

Manitoba
Crop Insurance
Corporation

*For the year ending March, 1990

Agriculture
Canada

Manitoba
Agriculture

91-07006/

Minister of Agriculture

Room 165
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

The Honourable George Johnson
Lieutenant-Governor of Manitoba
Room 235 Legislative Building
Winnipeg, Manitoba
R3C 0V8

May It Please Your Honour:

I have the privilege of presenting for the information of Your Honour, the Annual Report of Manitoba Crop Insurance Corporation for the fiscal year ending March 31, 1990.

Respectfully submitted,

Glen M. Findlay
Minister

Manitoba

CANADA · MANITOBA
Crop Insurance

Manitoba Crop Insurance Corporation
3rd Floor
25 Tupper Street, North
Portage la Prairie, Manitoba
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Refer to:

The Honourable Glen M. Findlay
Minister of Agriculture,
Room 165 Legislative Building
Winnipeg, Manitoba.
R3C 0V8

Dear Sir:

Presented herewith is the Thirtieth Annual Report of Manitoba Crop Insurance Corporation for the fiscal year ended March 31, 1990.

Respectfully submitted,

J.C. Gilson
Chairperson
Board of Directors

Agriculture Canada

Manitoba Agriculture
Crop Insurance Corporation

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Board of Directors

J.C. Gilson, Chairperson
D.G. Harkness, Vice-Chairperson
P.A. Gaultier
H.E. Tolton
S.M. Van de Velde

N.B. Edie, Vice-Chairperson
(Appointed February 21, 1990)
C.T. Johnson (Appointed February 21, 1990)

Officers

H.R. Nelson, B.S.A., M.Sc., General Manager
D.E. Forsberg, B.S.A., M.Sc., Assistant General Manager and Director of Field Division
M.J. Gagne, C.M.A., Director of Finance & Administration
N.A. Hamilton, B.S.A., M.Sc., Ph.D., Director of Research and Program Development
J.B. Hughes, LL.B., Q.C., Legal Counsel

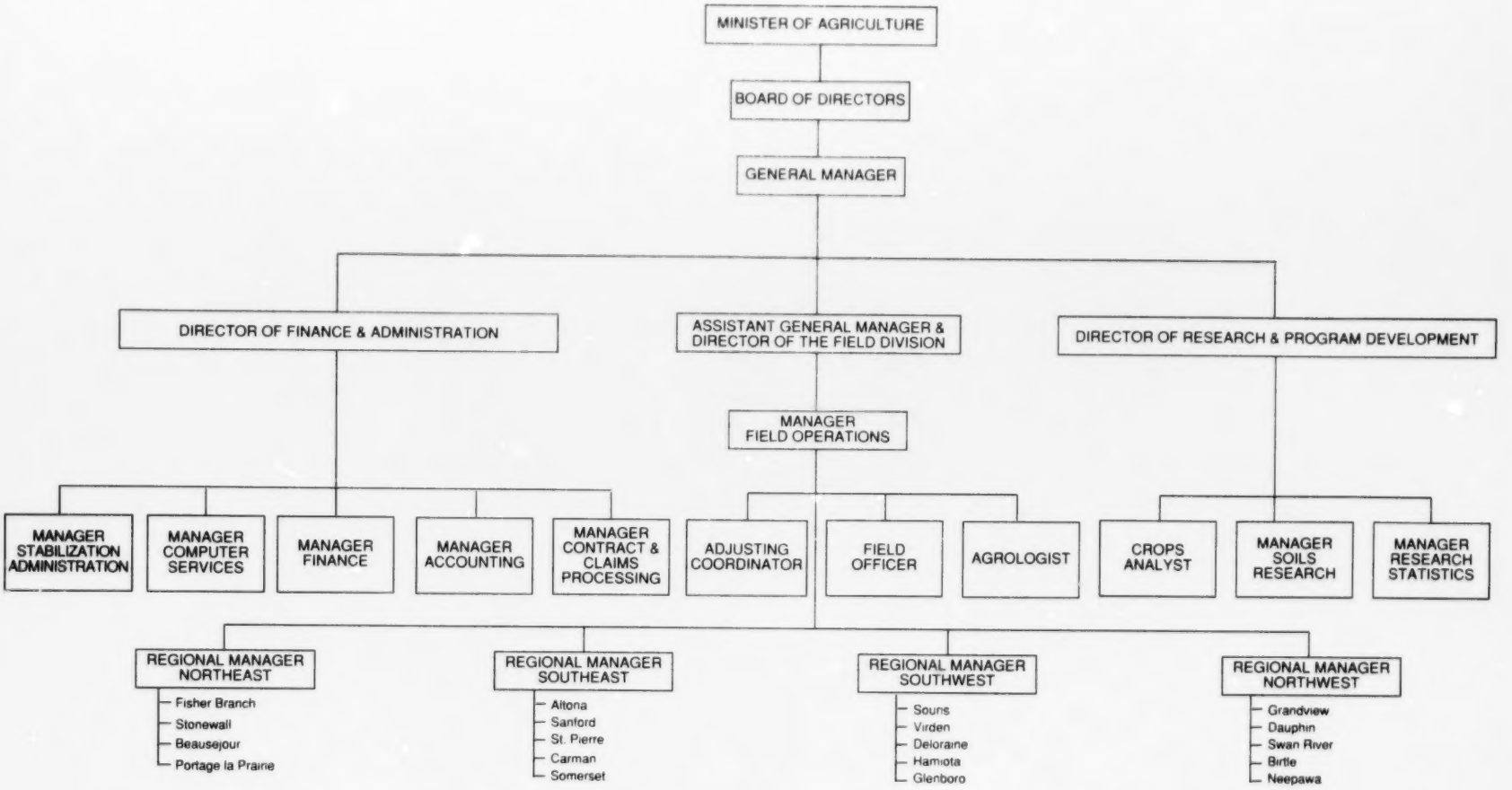
Objectives

1. To provide an opportunity to Manitoba farmers to protect their cash investment in their seeded crops from all uncontrollable natural hazards, thereby stabilizing the income of insured farmers in years when they suffer a crop loss and stabilizing the income of the entire rural economy in years when widescale crop loss occurs.
2. To provide an opportunity to Manitoba livestock producers to protect their investment in their livestock operation in those years when hay crops are poor due to uncontrollable natural hazards.
3. To provide an opportunity to Manitoba honey producers to protect their investment in their honey operation in those years when honey production is reduced due to uncontrollable natural hazards.
4. To provide additional hail insurance coverage on a spot loss basis as a service to farmers enrolled in the All Risk program.
5. To provide the administration for the Department of Agriculture for the National Tripartite Stabilization Programs (NTSP). The NTSP are designed to reduce income lost by producers as a result of market risks. Commodities currently covered are: cattle, lambs, hogs, sugar beets, honey, beans and onions.
6. To provide a loss adjusting service to the Department of Natural Resources which administers a compensation program for farmers who suffer crop losses due to certain species of wildlife and to administer a compensation program, on behalf of the Canada and Manitoba Governments, to farmers who suffer crop losses due to migratory waterfowl.

Board Meetings

Nineteen meetings of the Board of Directors were held.

Organization Chart – Manitoba Crop Insurance Corporation



Financial Contributions by Governments of Canada and Manitoba

The Government of Canada provides financial assistance to the Canada-Manitoba Crop Insurance Program by contributing 50 per cent of the total premium required each year. The Federal Government's contribution to this program totalled $39,307,940 for the 1989/90 fiscal year.

The Government of Manitoba contributes all of the administration costs, which totalled $6,314,125 for the 1989/90 fiscal year.

1989 Crop Conditions

Climatic events continued to dominate crop production in 1989. Seeding of the 1989 crop did not start until mid-May. At that time, soil moisture below continuously cropped land was considered adequate whereas moisture conditions for pasture and forage were dry. Over 50% of the cropped acreage was sown to wheat and barley. Oilseed acreage was generally down from 1988.

The northern part of the province suffered from isolated late spring frosts which delayed growth in some fields.

Rains during late June and the first half of July raised yield expectations to optimistic levels for most of the province. These rains were too late to improve the first cut of forage but raised expectations for the second cut. Optimism was shattered by the heat wave that occurred during the latter half of July, a critical period of kernel development for most annual crops.

Soil moisture at the beginning of August was dry, but rains toward the end of the month brought total growing season precipitation to near normal levels for most of the province. Swathing of cereals commenced in early August with more than 50% harvested by month end. Late August rains caused sprouting problems in many areas of the province. Generally crop yields were below normal but better than 1988. Provincial yields for spring wheat, barley, canola/rapeseed and flax averaged 32, 49, 18 and 15 bu/ac respectively. Forage yields were also down but feed supplies going into winter were generally considered adequate due to the availability of straw and greenfeed.

Insect problems mainly occurred, but were not limited to the dryer southwest portion of the province. Fleabeetles caused some damage to emerging canola/rapeseed crops. Grasshoppers were a problem throughout the growing season. Cutworms and wireworms were a particular problem on special crops.

Because of dry conditions, herbicide injury to crops was fairly common in the spring of 1989. Pigweed which was a major problem in 1988, continued to be a problem throughout the 1989 growing season. Trifluralin tolerant foxtail was confirmed in over 60 fields in southwest Manitoba.

By late June, tan spot and septoria diseases were common in wheat throughout southern Manitoba with the problem most evident in late seeded fields. Lentils in the central region were affected by anthracnose and flame chlorosis showed up in some fields continuously seeded to barley.

Limited precipitation in September and October caused extremely dry soil moisture conditions going into winter particularly below pastures and forages.

Monthly Summary of Precipitation

April - October 1989

	1. Western Manitoba	2. West Red River Valley	3. East Red River Valley	4. Interlake	Dauphin	Swan River
Number of Days with at Least a Trace of Precipitation						
April	4.5	6.5	5.8	4.0	5.0	4.0
May	8.3	7.8	7.3	6.7	7.0	9.0
June	11.3	15.5	9.8	9.0	14.0	12.0
July	7.0	7.8	5.5	7.3	9.0	8.0
August	10.8	9.5	9.5	8.7	12.0	15.0
September	5.3	6.3	3.8	8.0	10.0	8.0
October	5.3	8.3	7.3	9.3	9.0	10.0
Total Precipitation in Millimeters						
April	19.6	22.1	15.2	12.0	7.4	15.6
May	28.1	35.4	55.2	67.8	46.4	59.8
June	75.3	128.0	105.6	151.8	132.9	85.0
July	41.6	23.9	25.9	41.0	41.8	20.2
August	61.2	49.8	69.1	47.4	140.7	161.1
September	21.6	28.8	17.6	43.3	32.0	60.0
October	16.2	11.9	19.7	37.7	48.4	45.8
Percentage of Normal Precipitation						
April	59.5	53.5	39.3	32.7	0.2	0.7
May	62.0	55.5	87.5	128.7	1.0	1.4
June	98.5	168.0	130.5	184.0	1.5	1.1
July	63.3	32.0	31.8	75.7	0.7	0.3
August	94.0	70.0	95.5	71.0	2.3	2.4
September	44.5	56.5	30.8	78.3	0.5	1.1
October						
Average Monthly Temperature Difference from Normal in Degrees Celsius						
April	1.2	−0.1	−1.3	−0.4	1.0	1.4
May	1.9	1.8	1.5	1.4	2.8	2.7
June	−0.5	1.1	−0.8	−0.6	−0.4	0.4
July	2.2	2.0	0.6	2.6	2.5	2.3
August	1.3	0.8	0.6	1.1	1.1	1.3
September	0.9	1.1	0.6	0.4	1.0	1.5
October						

NOTES

1. Average of four Climatological Stations: Brandon C.D.A., Hamiota, Birtle, Pierson.
2. Average of four Climatological Stations: Portage la Prairie A, Morden C.D.A., Morris, Winnipeg International Airport.
3. Average of four Climatological Stations: Emerson, Sprague, Steinbach, Beausejour.
4. Average of three Climatological Stations: Ashern, Arborg, Gimli.

All Risk Program Features

Crops Insured:

Crops insured include: red spring wheat, utility wheat, amber durum wheat, winter wheat, oats, barley, mixed grain, fall rye, buckwheat, flax, rapeseed, sunflowers, mustard, field peas, grain corn, sugar beets, potatoes, fababeans, lentils, canaryseed, field beans, triticale, silage corn, soybeans, pedigreed alfalfa seed and pedigreed alfalfa seed with seedling establishment option, pedigreed timothy seed and pedigreed timothy seed with seedling establishment option, cultivated forage for hay production and forage hay establishment option, and vegetable crops including onions, carrots, parsnips and rutabagas. Insurance for honey production is offered as a spearate contract.

Designated Perils:

Drought, excessive moisture, excessive rainfall, flood, frost, hail, excessive heat, wind (including tornado), disease (including rust), and pests.

Options:

(a) **Hail Spot Loss** — enables the All Risk coverage to be paid out on a spot loss basis regardless of the yield on the rest of that field or other fields. Coverage must be selected on or before April 30, and covers only those insurable crops selected by the Insured for All Risk coverage. Coverage per acre is limited to the All Risk coverage as determined by the Insured's Seeded Acreage Report. The premium is shared by the Government of Canada.

(b) **Unseeded Acreage Insurance** — covers loss from failure to seed land because of excess moisture.

(c) **Seedling Establishment Option** — forage crops which are seeded for hay production and insured under the forage crop program can be protected against failure to establish due to natural hazards in the seedling year. A separate option applies for establishing alfalfa or timothy for seed production.

Additional Hail Insurance:

Available to All Risk Contract holders on any or all of the 33 insurable crops. Premium rates are based on crop insurance risk areas rather than on a township basis, thereby providing a more stable rate for the entire area. Coverage can be selected at any time during the growing season. Insured farmers pay all the premium and administration costs of this program.

Productivity Index:

Basic coverage in tonnes per acre is determined on the basis of soil productivity. Since variability increases as soil productivity decreases, the same basic premium per acre is charged for all soils in a risk area. This results in an appropriate premium rate for each soil type.

Risk Areas:

Manitoba is divided into fifteen areas of similar crop production risk on the basis of climate, soils, topography and history of crop production. For crops where adequate information exists, premium rates are established on a risk area basis.

Individual Coverage Adjustment:

Coverage is adjusted on an individual basis according to each farmer's own crop insurance record. Newly insured farmers are assigned the basic risk area average coverage for the particular soil zones in which they operate. If a farmer has infrequent or small losses relative to the average for the area, coverage is adjusted upwards. Alternately, high losses relative to average result in the farmer's coverage declining below the area average.

Premium Discounts and/or Surcharges:

Premium discounts and surcharges are handled similar to coverage adjustment. Favorable experience, as indicated by no losses or infrequent or small losses, result in premiums being discounted by as much as 25 per cent. Unfavorable experience, as indicated by consistent and high losses, result in premiums being surcharged by as much as 25 per cent. Insured farmers with high discounts (up to 50 per cent) under the previous discount system retain their discount until they: have a claim, move to a higher discount on the new system, or until they cancel their existing contract.

Coverage Increases In Stages:

With the exception of potatoes and sugar beets, and vegetables, coverage applies in two stages. Crops destroyed or damaged prior to June 25 in southern regions (Rapeseed and Buckwheat Area A) and prior to June 20 in northern and eastern regions (Rapeseed and Buckwheat Area B) are covered at 50 per cent of full coverage. After June 25, in southern regions (Rapeseed and Buckwheat Area A) and June 20 in northern and eastern regions (Rapeseed and Buckwheat Area B), crops are covered at 100 per cent of full coverage. Vegetable and potato coverage increases in three stages while sugar beet coverage increases in four stages to correspond with the increased operating costs incurred by producers.

Reseeding Benefit:

This benefit was introduced to compensate insured farmers for having to reseed due to an insurable hazard. With the exception of sugar beets and vegetable crops, the farmer can receive 25 per cent of full coverage on the originally seeded crop, provided that the parcels of land are at least 20 acres in size. The original crop must be destroyed and the reseeded crop must be insured under crop insurance. The reseeding benefit on sugar beets is equal to 15 per cent of full coverage on parcels of 20 acres or more. For vegetable crops, the reseeding benefit is based on the reseeded crop.

Indemnities:

Claims for individual crops are adjusted separately. Insured farmers receive indemnity payments based on the difference between their coverage and the amount of harvested production. If applicable, harvested production is discounted if the crop is of poor quality.

If all the crop is lost prior to harvesting, the claim can be finalized immediately. If only part of the crop is damaged and the farmer wishes to put the land to another use, the acres to be destroyed will be appraised to determine the production still remaining on those acres. Once the remaining crop has been harvested, the appraised production on the destroyed acres are combined with the harvested production to determine if a cliam is payable.

Landlord Insurance:

Crop insurance is available to a landlord who rents on a crop share basis. The tenant must also be insured.

Optional Dollar Values Available:

Insured farmers select a dollar value for each insured crop. This allows producers to tailor their coverage more closely to their individual coverage requirements.

Enhanced Coverage:

This feature was introduced in 1987 to compensate farmers for successive losses. When losses in a risk area are two or more times greater than total premium income in that risk area, coverage is increased from 70 per cent of the average yield to 80 per cent of the average yield the following year with no increase in premium from 70% coverage. This benefit is available only to those farmers who were insured during the year the losses were incurred.

Quality Guarantee:

If the grade of the farmer's harvested crop is below the guaranteed grade for that crop, the harvested yield is factored downward in proportion to the difference between the value of the harvested grade and the guaranteed grade.

The guaranteed grades for the insurable crops are set out in the following table "1989 M.C.I.C. All Risk Insurable Crops and Options".

Honey Insurance Program:

The Honey Insurance Program is offered under a separate contract and was introduced to compensate beekeepers for crop losses due to uncontrollable natural hazards. Beekeepers registered under the Bee Act who maintain a minimum of fifty colonies are eligible for the insurance.

Individual coverage is offered on the basis of 70 per cent of the 10 year average individual honey yield. In cases where no individual yield records are available, 70 per cent of the provincial ten year average yield is used to establish coverage.

1989 M.C.I.C. All Risk Insurable Crops and Options

Insurable Crops	Final Seeding Date	Guaranteed Grade	Dollar Option/t. Low	Medium	High
Barley	June 20	#1 C.W.	$ 70	$ 95	$ 95
Buckwheat	June 20 Area "B"	#3 Canada			
	June 25 Area "A"		250	290	335
Canaryseed	June 10	Less than 4% Hulled	200	235	270
Corn - Grain	May 25 Area "B"	#3 C.W.	100	118	128
	June 1 Area "A"				
- Silage	June 10	35% Dry Matter	15	18	18
Fababeans	May 25	#3 Canada	145	155	165
Fall Rye - 89	Sept 25/88	#1 C.W.	90		100
Field Peas	June 10	#3 Canada	160		165
Field Beans		#1 Canada	375	425	475
- White }	June 1 Area "B"				
}	June 5 Area "A"				
- Black & Pinto	June 5 Area "A"	#2 Canada			
Flax	June 20	#1 C.W.	250	280	280
Lentils	June 1	#2 Canada	250	290	330
Mixed Grain	June 20	55 kg/hl	70	95	95
Mustard	June 20	#1 Canada	225	270	310
Oats	June 20	#3 C.W.	70	100	100
Potatoes		Marketable Prod.	70	80	90
- maturing late	June 5				
- maturing early	June 15				
Rapeseed		#1 Canada	240	265	265
- Argentine	June 10 Area "B"				
	June 15 Area "A"				
- Polish	June 20 Area "B"				
	June 25 Area "A"				
Soybeans	June 1	#2 Canada	250	270	290
Sugar Beets	June 15	125 kg/t	30		35
Sunflowers	June 10	#1 Canada	200		235
Triticale	June 10	#2 Canada	110	120	130
Wheat -					
Red Spring	June 20	#2 C.W.R.S.	120	160	170
Amber Durum	June 20	#3 C.W.A.D.	130	180	180
Utility	June 20	#1 C.W.U., #1 C.P.S.	100	135	140
Winter - 89	Sept 15/88	#2 C.W.R.W.	115		115

Insurable Options

	Final Seeding Date	Guaranteed Grade	Dollar Option/* Low	Medium	High
Hail Spot Loss					
Unseeded Acreage:					
Soil Zones A-H			$ 20	$	$ 25
Soil Zones I-J			15		20
Honey Production:			800		900
Vegetable Crops:					
Rutabagas	June 25	Marketable Prod	85	100	115
Cooking Onions	June 1	Marketable Prod	100	120	140
Carrots	June 15	Marketable Prod	80	90	100
Parsnips	June 5	Marketable Prod	160	180	200
Cultivated Forage for Hay: - 1989			**Low**		**High**
Alfalfa, Alfalfa Grass Mixture, Grasses, Sweet Clover			40		45
Forage Seed Production:					
Pedigreed Alfalfa Seed		% Germ 70 or more	1300		1500
Pedigreed Timothy Seed		% Germ 70 or more	600		750

Forage Hay Establishment:	**Low**		**High**	
	A**	**B*****	**A****	**B*****
Alfalfa	15.00	30.00	20.00	40.00
Alfalfa Grass Mixtures	10.00	20.00	15.00	30.00
Grasses (Spring Seeded)	10.00	20.00	15.00	30.00
Grasses (Fall Seeded)	10.00	20.00	15.00	30.00
Sweet Clover	5.00	10.00	7.50	15.00
Pedigreed Seed Establishment:				
Timothy (spring seeded)	15.00	30.00	20.00	40.00
Timothy (fall seeded)	15.00	30.00	20.00	40.00
Alfalfa Seed	15.00	30.00	20.00	40.00

Livestock Feed Security:	**Dollar Coverage Per Animal**								
Dairy Cows	60	80	100	120	140	160	180	200	220
Beef Cows (including bison)	60	80	100	120	140	160	180	200	220
Bulls (including bison)	60	80	100	120	140	160	180	200	220
PMU Horses	60	80	100	120	140	160	180	200	220
Steers & Heifers (including bison)	60	80	100	120					
Sheep	20	40	60						
Goats	20	40	60						

*- $ per acre in all cases except Honey & Cultivated Forage for Hay which is $/tonne and Livestock Feed Security which is $ coverage per animal.

A**- Seeded with a Companion Crop

B***- Seeded without a Companion Crop

Canada-Manitoba Livestock Feed Security Program

The Livestock Feed Security Program was available in 1989 in all rural Municipalities and Local Government Districts in Manitoba on either a municipal or soil zone basis.

Coverage levels were available at 70 per cent and 80 per cent of the long-term average yield in each area.

An all province premium rate of 18 per cent was charged for 70 per cent coverage and 24 per cent premium rate was charged for 80 per cent coverage. The farmer premium rate was 9 per cent and 12 per cent at the 70 per cent and 80 per cent coverage levels respectively, with the Federal Government providing financial assistance to the program by contributing an amount equal to the insured farmer's premium. The Province provided for all administration costs.

Ten year average base yields were calculated for each municipality for alfalfa, alfalfa-grass mixtures and grasses. Native hay comparisons were made on a farmer by farmer basis. The total hay production from producers in each designated area was measured and average yields per acre were calculated. All hay yields were adjusted for quality using a Relative Feed Value (RFV) determination from each forage field sampled.

1989 was a poor year for forage production in much of Manitoba with 87 out of 123 Rural Municipalities and Local Government Districts and 136 out of 183 soil zones in a payout position.

There were 6,596 livestock producers insured with a total premium, including the Federal Government share of $7,663,534. The total dollar coverage was $47,316,540 with a dollar payout of $19,808,119.

Canada-Manitoba Waterfowl Crop Damage Compensation Program

The Canada-Manitoba Waterfowl Crop Damage Compensation Program is a program to reduce income losses to Manitoba farmers caused by migratory waterfowl damaging crops. Compensation is provided on most crops eligible for coverage under the All Risk Crop Insurance Program.

The Government of Canada and the Government of Manitoba provide equal financial support to the operation of the Canada-Manitoba Waterfowl Crop Damage Compensation Program. Under the agreement covering the program, the maximum payment that could be made in Manitoba in 1989/90 was $498,150.

Manitoba

Manitoba Crop Insurance Corporation

Report of The Provincial Auditor's Office

We have examined the financial statements, being Exhibits A, B, C and Schedules 1 and 2, of the Manitoba Crop Insurance Corporation for the fiscal year ended March 31, 1990. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

Note 2(D) reflects that the Corporation's unfunded pension liability as at December 31, 1989 was $2,325,537 (1988 - $2,018,481). Had this unfunded pension liability and the associated pension costs been recorded in the financial statements, the Corporation's liabilities would have increased by $2,325,537 (1989 - $2,018,481), the funds available for future operations would have decreased by that amount, and the Corporation's pension costs would have increased by $307,056 for the year ended March 31, 1990 (1989 - $259,031).

In our opinion, except for the failure to record the information referred to in the preceding paragraph, these financial statements present fairly the financial position of the Corporation as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

June 12, 1990
Winnipeg, Manitoba.

F.H. Jackson, CA,
Provincial Auditor.

Exhibit A

Manitoba Crop Insurance Corporation

Balance Sheet

As at March 31, 1990

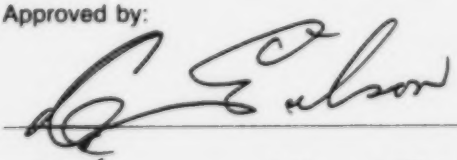
Assets

	1990	1989
Cash on deposit with the Minister of Finance and in bank	$ 6,352,446	$ 4,043,107
Term deposits with the Minister of Finance (Note 3)	3,000,000	6,700,000
Accrued interest on term deposits	73,523	83,048
Premiums receivable, net of allowance for doubtful accounts of $429,734 (1989 - $702,501):		
Due from insured persons	848,593	460,190
Accrued interest	57,909	61,222
Amount receivable from Reinsurance Fund of Manitoba (Note 4)	39,637,059	30,914,342
Amount receivable from Reinsurance Fund of Canada for Manitoba (Note 4)	63,437,892	63,045,639
Accounts receivable - Government of the Province of Manitoba	—	3,188
Accounts receivable - other	15,435	1,789
Prepaid expenses	29,098	23,215
	$113,451,955	$105,335,740

Liabilities and Reserves

	1990	1989
Reinsurance premiums payable (Note 4):		
Reinsurance Fund of Canada for Manitoba	$ 4,600,586	$ 218,609
Reinsurance Fund of Manitoba	4,600,586	437,218
Advance from the Government of the Province of Manitoba (Note 6)	100,000,000	95,300,000
Indemnities payable	827,461	1,370,454
Other account and program payables	233,761	332,264
Premiums collected in advance	437,776	563,780
	110,700,170	98,222,325
Reserves for the Payment of Indemnities:		
General Crop Insurance, Exhibit B	—	—
Hail Insurance, Exhibit C	2,751,785	7,113,415
	$113,451,955	$105,335,740

Approved by:



Director

Director

Exhibit B

Manitoba Crop Insurance Corporation
General Crop Insurance

Statement of Revenue, Expenditure and Reserve for the Payment of Indemnities

for the year ended March 31, 1990

	1990	1989
Revenue:		
Premiums:		
Insured persons	$ 39,523,944	$ 20,366,686
Government of Canada (Note 2(B))	39,307,940	20,668,088
	78,831,884	41,034,774
Filing fee	4,625	2,261
Administrative expenses recovered from the Government of the Province of Manitoba Schedule 1 (Note 2 (C))	6,314,125	5,551,738
Interest on cash balances and outstanding premiums	167,120	108,885
Total revenue	85,317,754	46,697,658
Expenditure:		
Administrative expenses, Schedule 1 (Note 2(C))	6,314,125	5,551,738
Reinsurance premiums (Note 4):		
Reinsurance Fund of Canada for Manitoba	11,792,382	3,100,213
Reinsurance Fund of Manitoba	11,792,382	6,200,545
Discounts	45,473	11,135
Indemnities	158,169,663	125,728,793
Bad debts	(158,539)	65,215
Total expenditure	187,955,486	140,657,639
Revenue under expenditure	102,637,732	93,959,981
Reserve for the payment of indemnities:		
Beginning of year	—	—
Recoverable from Reinsurance Fund of Manitoba, (Note 4)	39,199,840	30,914,342
Recoverable from Reinsurance Fund of Canada for Manitoba (Note 4)	63,437,892	63,045,639
End of year, Exhibit A	$ —	$ —

Exhibit C

Manitoba Crop Insurance Corporation
Hail Insurance

Statement of Revenue, Expenditure and Reserve for the Payment of Indemnities

for the year ended March 31, 1990

	1990	1989
Revenue:		
Premiums charged to insured persons at established rates	$5,574,844	$5,866,182
Interest on funds invested with the Minister of Finance and outstanding premiums	753,747	720,885
Total revenue	6,328,591	6,587,067
Expenditure:		
Administrative expenses, Schedule 2 (Note 2(C))	1,043,578	870,177
Indemnities	9,688,692	3,738,553
Bad debts	(42,049)	1,107
Total expenditure	10,690,221	4,609,837
Revenue (under) over expenditure	(4,361,630)	1,977,230
Reserve for the Payment of Indemnities:		
Beginning of year	7,113,415	5,136,185
End of year, Exhibit A	$2,751,785	$7,113,415

Schedule 1

Manitoba Crop Insurance Corporation
General Crop Insurance

Statement of Administrative Expenses

for the year ended March 31, 1990

	1990	1989
Adjusters' wages and expenses	$2,758,568	$2,325,873
Administration and field in-service training	20,984	20,756
Advertising	74,816	53,726
Appeal tribunal	7,368	2,982
Audit fee	20,941	19,373
Computer equipment, rental and usage	76,647	113,228
Directors' remuneration and expenses	29,877	20,773
District offices' rentals and miscellaneous	68,713	72,102
Employee benefits	193,330	182,670
Employer share of pensions (Note 2(D))	73,816	65,599
Federal-provincial crop insurance review	11,012	—
Furniture and equipment purchases (Note 2(E))	27,236	41,265
Health and Post Secondary Education Tax Levy	88,415	77,373
Legal fees	23,123	18,594
Miscellaneous	47,853	35,905
Office equipment rentals	12,832	11,836
Postage	115,404	26,815
Printing, stationery and office supplies	162,281	142,756
Salaries	2,224,547	2,084,388
Special studies	10,915	600
Telephone	78,877	65,888
Travel	139,377	122,276
Workers' compensation	47,193	46,960
Total administrative expenses, Exhibit B	$6,314,125	$5,551,738

Schedule 2

Manitoba Crop Insurance Corporation
Hail Insurance

Statement of Administrative Expenses

for the year ended March 31, 1990

	1990	1989
Adjusters' wages and expenses	$ 180,219	$ 92,037
Administration and field in-service training	5,246	5,189
Advertising	19,433	11,379
Appeal tribunal	1,842	745
Audit fee	5,235	4,843
Computer equipment, rental and usage	18,412	28,307
Directors' remuneration and expenses	7,469	5,193
District offices' rentals and miscellaneous	16,379	14,024
Employee benefits	48,333	45,668
Employer share of pensions (Note 2(D))	18,454	16,400
Furniture and equipment purchases (Note 2(E))	2,160	964
Health and Post Secondary Education Tax Levy	22,104	19,343
Legal fees	5,781	4,178
Miscellaneous	11,269	8,976
Office equipment rentals	3,208	2,959
Postage	27,804	6,704
Printing, stationery and office supplies	28,981	30,833
Salaries	554,887	513,654
Telephone	19,719	16,472
Travel	34,844	30,569
Workers' compensation	11,799	11,740
Total administrative expenses, Exhibit C	$1,043,578	$870,177

Manitoba Crop Insurance Corporation

Notes to Financial Statements

March 31, 1990

1. **Authority**

The Manitoba Crop Insurance Corporation is incorporated under a specific Statute of the Province of Manitoba.

2. **Significant Accounting Policies**

(A) *Programs*

The Corporation operates general crop and hail insurance programs for Manitoba farmers and accounts for these programs separately.

The Corporation is also responsible for the administration of various agricultural-related programs on behalf of the Governments of the Province of Manitoba and Canada. The funds received by the Corporation to administer these programs are netted against expenditures. The operations of these programs are disclosed in the notes to the financial statements.

(B) ***Premiums***

The Corporation recognizes as revenue all premiums earned on crop policies in force during the year. An agreement between the Governments of the Province of Manitoba and Canada provides for the matching by Canada on a cash basis, of insurance premiums collected from insured persons under the General Crop Insurance Program. The matching portion from Canada is shown as revenue. The insurance premium rates are adjusted annually on a basis of a breakeven position being maintained over 10 to 25 years of crop loss experience.

(C) ***Administrative Expenses***

The agreement between the Governments of the Province of Manitoba and Canada, referred to in section (B) of this note, also stipulates that all administrative expenses relating to the General Crop Insurance Program will be met by the Government of the Province of Manitoba. Certain of these costs are common to both the General Crop Insurance Program and the Hail Insurance Program and are allocated on a basis approved by the Corporation's Board of Directors. Administrative expenses relating to the Hail Insurance Program have been met by insured farmers, except for the unfunded pension provision shown in Note 2(D). The Corporation's head office and certain of its field office accommodations are provided by the Government of the Province of Manitoba at no charge to the Corporation and, accordingly, are not reflected in these financial statements.

(D) ***Pensions***

In accordance with the provisions of The Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded provision for the Corporation's employees amounted to the following:

	Unfunded Pension Provision	
	December 31, 1989	December 31, 1988
General crop insurance	$1,860,430	$1,614,785
Hail insurance	465,107	403,696
Total	$2,325,537	$2,018,481

(E) ***Fixed Assets***

Furniture and equipment purchases are charged to operations in the year of acquisition.

3. **Term Deposits**

The Minister of Finance has invested, on behalf of the Corporation, $3,000,000 received from the Corporation on account of The Hail Insurance Program.

4. **Reinsurance Funds — General Crop Insurance**

In accordance with the terms of a reinsurance agreement between the Governments of the Province of Manitoba and Canada and the Corporation, the Corporation is liable for reinsurance premiums to the Crop Reinsurance Fund of Manitoba and the Crop Reinsurance Fund of Canada for Manitoba, based on premiums collected plus the matching portion paid by the Government of Canada. When indemnities are in excess of the Corporation's reserve and certain other conditions are met, payments are made from the Crop Reinsurance Funds to the Corporation. Interest is neither credited nor charged to the Funds by Manitoba or Canada.

The changes in the Crop Reinsurance Fund of Manitoba, on a cash basis, for the fiscal year ended March 31, 1990 were as follows:

Balance, March 31, 1989	$14,152,825
Add:	
Advances from the Government of the Province of Manitoba	15,887,082
Reinsurance premiums	7,629,014
	37,668,921
Deduct:	
Payments to Manitoba Crop Insurance Corporation	30,477,125
Balance, March 31, 1990	$ 7,191,796

When taking into account the reinsurance premiums payable to and the amounts receivable from the Crop Reinsurance Fund of Manitoba, as shown on the balance sheet, the position of the Fund on an accrued basis as at March 31, 1990, is a deficiency of $27,844,677 for Manitoba ($27,407,459 with respect to 1990 and $437,218 with respect to 1989).

5. **Deficits in Reinsurance Funds**

Deficits in the Crop Reinsurance Funds are funded by advances from Manitoba and Canada, which are repayable when there is a surplus in the Reserve for the Payment of Indemnities. The accumulated deficits for the year ended March 31, 1990 are as follows:

	Accumulated Deficits	
	Manitoba	Canada for Manitoba
Balances, March 31, 1989	$17,698,618	$25,489,714
Add:		
Current Year	27,407,459	51,645,510
Balances, March 31, 1990	$45,106,077	$77,135,224

6. **Advance from the Government of the Province of Manitoba**

When necessary, there is a provision for the Corporation to receive interest free working capital advances. The advances received to date are on account of the General Insurance Program.

7. **Other Programs**

(A) The Corporation administers the Canada-Manitoba Waterfowl Crop Damage Compensation Program. This program is cost shared between Canada and Manitoba (50/50) and Canada's share of the expenditures is remitted directly to the Province of Manitoba. For the fiscal year ended March 31, 1990, the related transactions are as follows:

Receipts:	
Expenditures recovered from the Government of the Province of Manitoba	$ 246,559
Expenditures:	
Indemnities	231,420
Administrative expenses	15,139
	246,559
Balance, March 31, 1990	$ —

(B) Effective September, 1989, the Corporation assumed responsibility for the administration of the National Tripartite Stabilization Program (N.T.S.P.) on behalf of the Manitoba Department of Agriculture. The N.T.S.P. provides price stabilization to producers for seven commodities in Manitoba (cattle, hogs, lambs, honey, sugar beets, beans and onions). Premiums are shared equally between Canada, Manitoba and producers while the administrative expenses are paid entirely by the Government of the Province of Manitoba. For the seven month period ended March 31, 1990, the related transactions are as follows:

Receipts:	
Producer premiums	$ 1,104,910
Expenditures recovered from the Government of the Province of Manitoba	400,405
	$ 1,505,315
Expenditures:	
Producer premiums transferred to the Government of the Province of Manitoba	$ 1,104,910
Administrative expenses	400,405
	1,505,315
Balance, March 31, 1990	$ —

(C) Effective December, 1989, the Corporation assumed responsibility for the administration of the Livestock Development Program which provides assistance to cattle and lamb producers to offset some of their feed costs. Program expenditures are paid entirely by the Government of the Province of Manitoba. For the four month period ended March 31, 1990, the related transactions are as follows:

Receipts:	
Expenditures recovered from the Government of the Province of Manitoba	$ 238,140
Expenditures:	
Paid to producers	205,249
Administrative expenses	32,891
	238,140
Balance, March 31, 1990	$ —

8. **Western Grain Stabilization Deductions**

The Manitoba Crop Insurance Corporation, as a designated purchaser under the Western Grain Stabilization Act (WGSA), remits levy deductions made from indemnity settlements on those insureds participating in the WGSA program. For the fiscal year ended March 31, 1990 the related transactions are as follows:

Levy deductions made	$ 1,501,326
Remitted to Western Grain Stabilization Administration	1,501,326
Balance, March 31, 1990	$ —

9. **Comparative Figures**

Certain comparative figures on the financial statements have been restated to conform with the presentation of the current year.

Schedule 1
All-Risk Insurance Program

Summary of Participation, Premiums and Indemnities Paid

Year	Contracts In Force	Farmers' Share of Premium	Calculated Premium	Indemnities Paid	Accumulated Loss Ratio
1960-61	2,472	$ 255,487.33	$ 319,359.16	$ 87,082.62	$ .27
1961-62	3,654	434,782.96	543,478.70	1,586,405.96	1.93
1962-63	4,413	684,249.32	855,311.65	531,503.82	1.28
1963-64	5,142	816,901.42	1,021,126.77	1,242,164.72	1.25
1964-65	6,141	940,990.35	1,176,237.93	279,343.44	.95
1965-66	8,610	1,296,463.67	1,620,579.58	398,792.86	.74
1966-67	12,915	1,756,916.97	2,196,144.96	796,359.58	.64
1967-68	14,116	2,065,443.42	2,753,924.56	729,116.62	.54
1968-69	14,481	2,324,400.17	3,099,200.23	2,288,456.09	.58
1969-70	14,236	1,945,210.01	2,593,613.34	3,726,865.42	.72
1970-71	13,669	1,505,169.60	2,006,892.80	2,061,453.99	.75
1971-72	13,233	2,187,302.66	2,916,403.54	1,018,391.38	.70
1972-73	11,945	1,895,837.31	2,527,783.08	983,097.98	.67
1973-74	13,585	2,135,628.65	4,271,257.30	2,216,532.99	.64
1974-75	13,878	2,846,582.08	5,693,164.16	8,299,434.60	.78
1975-76	14,199	4,785,416.42	9,570,832.84	9,338,852.32	.82
1976-77	14,583	5,630,841.95	11,261,683.90	8,881,807.46	.81
1977-78	18,016	9,384,728.63	18,769,457.26	5,590,626.17	.68
1978-79	15,950	8,273,606.39	16,547,212.78	6,445,393.25	.63
1979-80	17,275	8,355,799.19	16,711,598.38	11,177,129.50	.64
1980-81	14,176	9,763,057.22	19,526,114.44	55,288,685.65	.98
1981-82	14,633	12,035,890.51	24,071,781.02	18,770,255.07	.95
1982-83	14,087	13,256,058.66	26,512,117.32	22,600,352.08	.93
1983-84	13,837	13,329,863.46	26,659,726.92	22,297,580.28	.92
1984-85	14,087	15,028,396.00	30,056,792.00	29,543,011.70	.93
1985-86	14,723	21,827,710.36	43,655,420.72	33,287,622.21	.90
1986-87	14,671	21,509,050.62	43,018,101.24	36,561,653.98	.89
1987-88	14,070	16,530,549.23	33,061,098.46	27,921,710.40	.89
1988-89	14,068	19,188,419.21	38,376,838.42	117,923,806.33	1.11
1989-90	15,765	35,691,164.49	71,382,328.98	138,706,759.20	1.24

* The calculated premium represents the farmers' share plus the Government of Canada contribution.

** Of the 15,765 contracts, 14,232 were operator contracts, the remainder were landlord contracts. It is estimated that there were 17,174 farm operators eligible for insurance in Manitoba in 1988. On this basis it is estimated that the Corporation is insuring approximately 82.9% of eligible producers.

Schedule 2
Additional Hail Insurance Program

Summary of Premiums and Indemnities Paid

	Contracts	Per Cent of Seeded Crops Insured	Premium Earned	Indemnities Paid	Accumulated Loss Ratio
1970-71	1,583	12.6	$ 114,298.29	$ 112,830.73	.99
1971-72	2,668	21.1	279,918.78	80,115.04	.49
1972-73	2,443	22.2	270,917.12	70,473.72	.40
1973-74	3,626	27.4	550,019.03	616,955.74	.72
1974-75	3,681	27.8	684,576.77	423,160.85	.69
1975-76	4,411	31.7	902,833.45	1,239,490.88	.91
1976-77	4,263	30.2	1,029,237.80	1,197,152.76	.98
1977-78	4,751	26.9	1,261,470.79	1,231,459.60	.98
1978-79	5,062	33.3	1,700,062.19	1,825,162.41	1.00
1979-80	4,260	31.3	1,683,214.65	997,933.30	.92
1980-81	3,518	25.5	1,552,265.42	1,042,709.39	.88
1981-82	4,435	31.2	2,273,062.75	2,266,443.64	.90
1982-83	4,686	34.4	3,196,098.48	2,557,615.60	.88
1983-84	5,104	38.1	3,520,848.66	3,038,093.36	.88
1984-85	6,079	44.1	4,603,874.08	7,728,089.16	1.03
1985-86	6,678	47.2	8,125,390.90	3,696,891.50	.88
1986-87	6,634	46.6	8,255,606.40	6,535,684.42	.87
1987-88	5,634	41.5	6,645,946.69	2,822,271.48	.80
1988-89	5,188	38.0	5,866,182.34	3,738,552.88	.78
1989-90	5,175	32.8	5,574,843.37	9,688,690.51	.88

Additional Hail Insurance Program

In 1989, Additional Hail insurance coverage was offered to All Risk contract holders for the twentieth consecutive year. Some 5,175 farmers carried this insurance which represents 32.8 per cent of those who seeded insured crops.

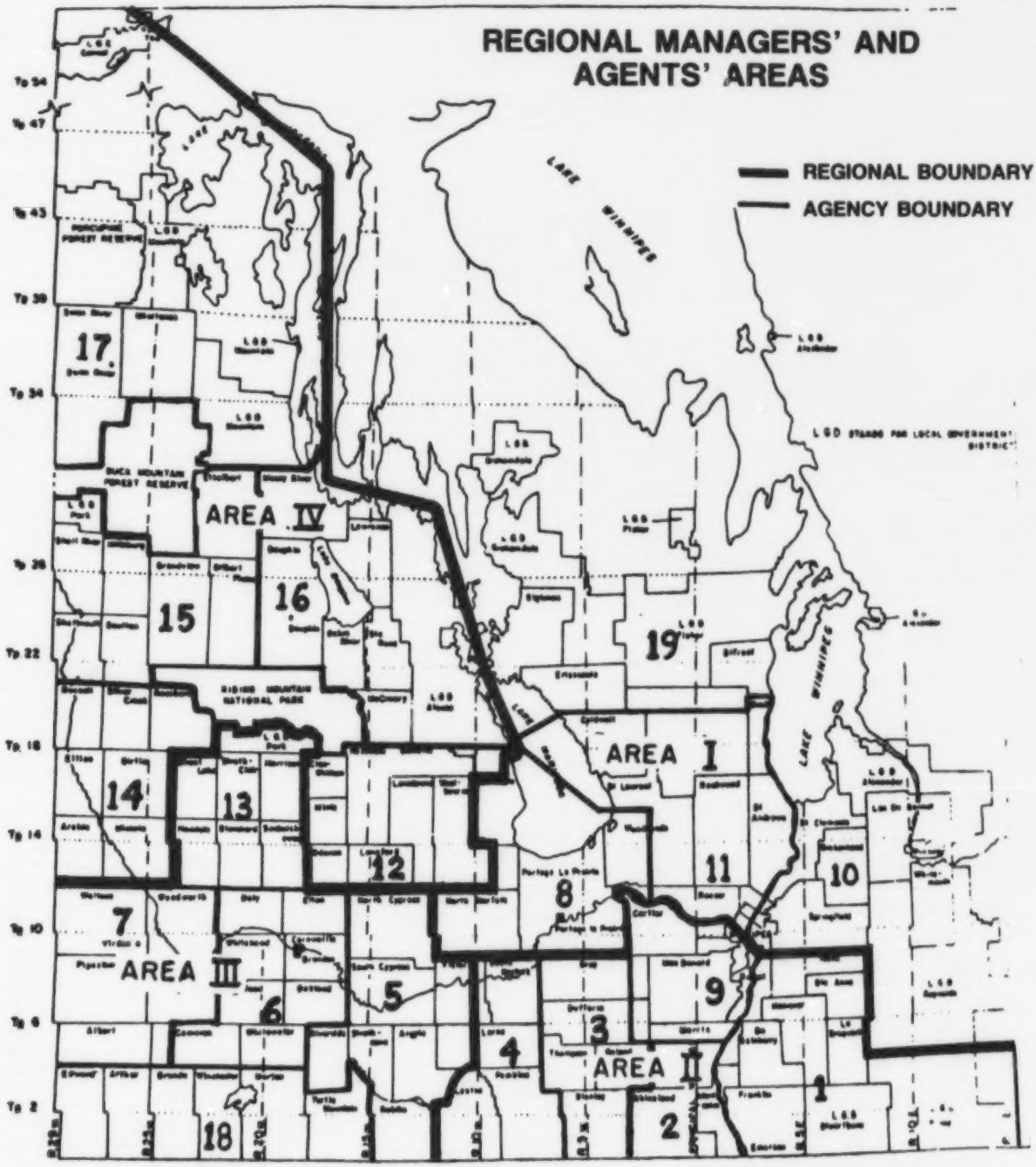
A total of 2.3 million acres where insured and carried a total liability of $187.2 million. Premium billings totalled $5,574,843 which amounts to 3.0 per cent of the liability. For every premium dollar billed, $1.74 was paid in settlement of claims.

Schedule 3

Summary of Insurance Written

for the Year Ended March 31, 1990

	All-Risk			Hail Spot		
	Acres	Premium	Coverage	Acres	Loss Premium	Coverage
Red Spring Wheat	3,134,961.0	13,947,593.08	349,752,872.23	2,877,299.7	3,090,858.87	322,526,372.85
Oats	224,332.9	682,764.92	12,567,047.37	196,718.8	108,600.55	11,166,081.38
Barley	984,759.5	2,476,391.23	76,966,985.28	887,799.5	689,176.55	69,766,660.09
Flax	496,825.9	2,428,093.92	45,289,034.62	474,247.3	396,365.54	43,383,612.72
Sugar Beets	23,589.6	256,067.84	8,342,202.71	20,971.6	42,956.83	7,416,767.63
Fall Rye	78,289.9	246,935.26	4,545,169.52	69,747.9	42,288.55	4,082,793.91
Argentine Rapeseed	686,524.4	4,103,578.58	69,746,301.08	638,477.7	938,363.67	64,989,658.10
Mustard	15,197.3	120,807.43	1,432,766.18	14,537.3	22,607.23	1,370,652.28
Sunflowers	80,853.4	317,100.06	7,360,972.50	75,425.2	68,623.98	6,888,571.31
Buckwheat	19,264.7	205,605.92	1,410,884.05	18,388.7	32,375.44	1,344,501.33
Field Peas	85,008.1	324,936.67	8,726,872.36	83,530.1	140,500.42	8,564,534.80
Grain Corn	61,577.1	603,398.76	7,663,003.09	59,490.5	72,457.15	7,399,077.19
Potatoes	29,914.0	606,532.83	15,457,295.95	25,984.8	90,215.62	13,495,923.14
Mixed Grain	18,766.2	55,345.88	1,018,124.63	16,383.2	7,928.14	886,811.27
Durum Wheat	275,810.0	1,263,680.41	33,027,087.20	247,931.9	308,867.56	29,934,789.86
Forage Hay	54,056.9	270,370.63	2,711,990.43	45,964.8	17,244.36	2,351,238.99
Silage Corn	8,320.0	36,382.18	715,402.05	7,931.0	6,215.35	681,895.15
Utility Wheat	92,113.8	410,265.16	10,274,495.04	83,699.9	91,480.83	9,350,350.91
Lentils	13,323.2	102,855.73	1,346,536.60	13,198.2	16,075.89	1,331,439.10
Fababeans	1,282.0	6,766.65	83,598.11	1,282.0	1,015.66	83,598.11
Canaryseed	21,914.0	65,007.88	1,631,559.50	21,739.0	13,185.13	1,619,079.10
Field Beans	24,299.0	356,795.48	4,959,800.68	24,109.0	58,308.05	4,924,113.28
Triticale	79.0	356.00	8,270.60	79.0	85.78	8,270.60
Forage Hay Establishment	23,731.6	26,023.37	440,724.50	16,834.0	—	312,785.00
Unseeded Acreage	106,589.7	55,055.51	2,391,200.50	—	—	—
Pedigreed Timothy Seed	11,099.8	48,221.24	673,739.70	10,846.8	6,685.49	659,000.70
Soybeans	213.0	1,429.03	25,992.12	213.0	311.54	25,992.12
Ped. Tim. Seed Est.	1,149.0	1,612.00	22,540.00	833.0	—	16,220.00
Winter Wheat	8,273.0	22,324.89	627,873.50	7,431.0	5,795.34	566,312.85
Polish Rapeseed	56,788.6	252,357.28	3,831,407.02	49,347.7	54,361.55	3,300,500.94
Pedigreed Alfalfa Seed	5,632.0	31,958.73	504,017.50	5,318.0	5,728.16	476,087.50
Ped. Alfa. Seed Est.	1,020.0	1,431.59	20,050.00	920.0	—	18,050.00
Rutabagas	96.0	3,151.68	48,878.40	96.0	586.56	48,878.40
Onions (Cooking)	122.0	8,219.88	91,766.00	122.0	1,101.44	91,766.00
Carrots (Table)	75.0	2,544.00	60,780.00	75.0	364.50	60,780.00
Parsnips	36.0	944.64	25,344.00	36.0	151.92	25,344.00
Carrots (Processing)	30.0	1,307.70	28,656.00	30.0	171.90	28,656.00
Total all Crops	6,645,917.6	29,344,214.04	673,831,241.02	5,997,039.6	6,331,055.55	619,197,166.81



Regional Managers:

Area I - H.F. Popoff — Stonewall
Area II - W.J. Moffat — Sanford
Area III - D.A. Benzie — Souris
Area IV - W.J. Wowchuk — Dauphin

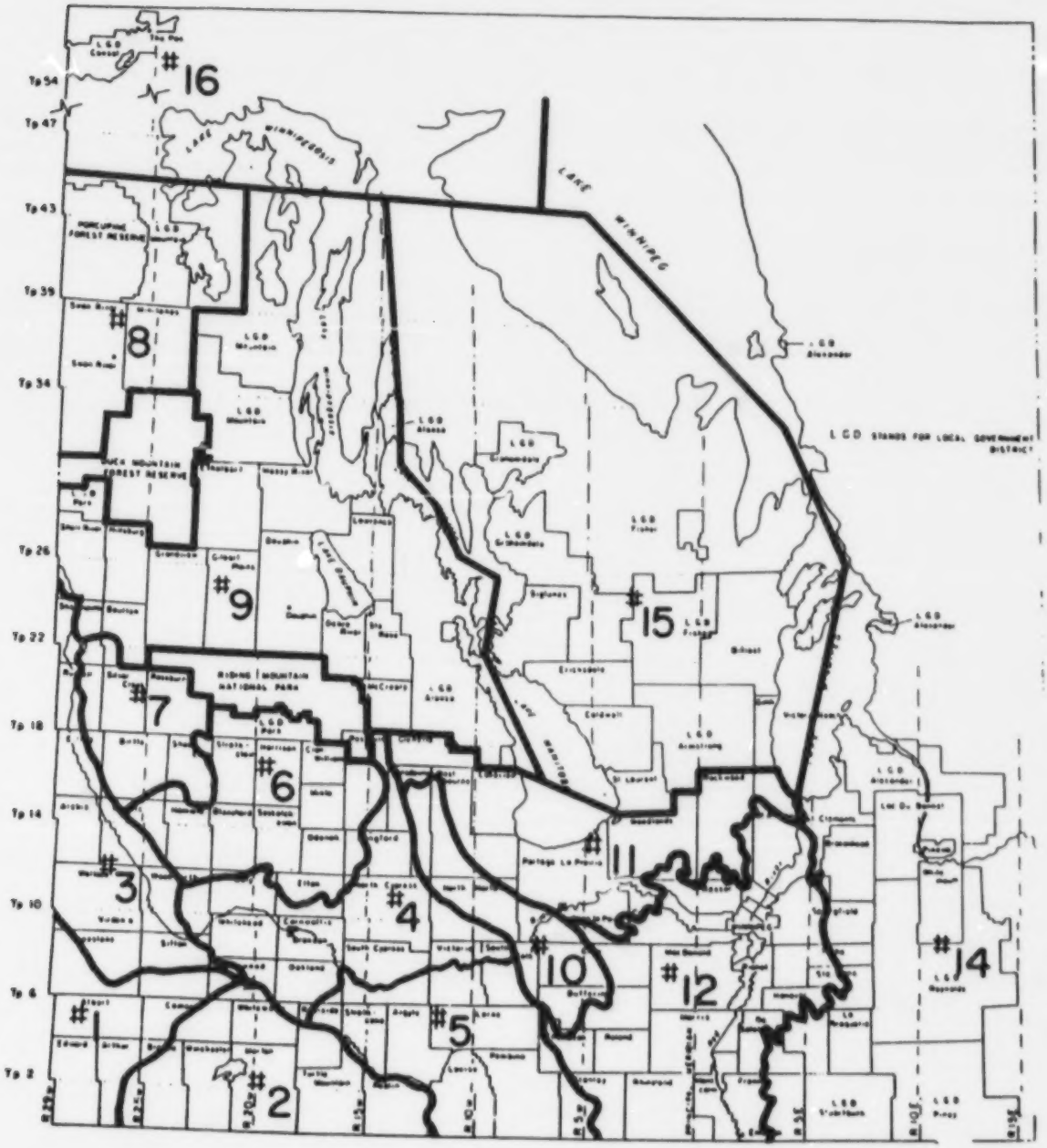
Area Agents:

01 G.L. Loeppky — St. Pierre
02 B.D. Hildebrand — Altona
03 K.K. Porter — Carman
04 A.D. McPhee — Somerset
05 D.W. East — Glenboro
06 L.G. Perrin — Souris
07 L.B. Collier — Virden
08 G.R. Small — Portage
09 C.L. Jessen — Sanford

Area Agents (continued)

10 L.E. Zieske — Beausejour
11 L.D. Ciszewski — Stonewall
12 T.K. Girling — Neepawa
13 K.L. Tiller — Hamiota
14 W.F. McKerchar — Birtle
15 T.K. Britton — Grandview
16 A.N. Kotyk — Dauphin
17 G.E. McClintock — Swan River
18 J.M. Park — Deloraine
19 C. Bernier — Fisher Branch

RISK AREAS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LAKE WINNIPEG
LGD stands for Local Government District